

Message Text

PAGE 01 KHARTO 00111 191204Z

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ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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P 190920Z JAN 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC PRIORITY 7594

INFO USINT CAIRO PRIORITY

AMEMBASSY JIDDA PRIORITY

AMEMBASSY PARIS PRIORITY

AMEMBASSY AMMAN PRIORITY

S E C R E T KHARTOUM 0111

EXDIS

AMMAN FOR SECRETARY

E.O. 11652: N/A

TAGS: ENRG, PFOR, SA, SU

SUBJ: ENERGY: SAUDI/SAFSE OIL ACCORD REPORTEDLY REACHED

1. SUMMARY. ACCORDING KEY SUDANESE NEGOTIATOR, SAG HAS AGREED PROVIDE SUDAN WITH ITS OIL REQUIREMENTS AT WORLD PRICES, INCLUDING 10 MILLION TON EXPORT REFINERY PORT SUDAN TO BE BUILT BY CFP. DEAL APPARENTLY PART BROAD COOPERATION BETWEEN KING FAISAL AND PRESIDENT NIMEIRI WHICH WILL INCLUDE CONTINUING DIPLOMATIC INITIATIVES BY LATTER VIS-A-VIS USG DESIGNED FACILITATE LIFTING OIL BOYCOTT AND RETURN NORMAL CRUDE PRODUCTION. END SUMMARY.

2. MINSTATESPEC PRESIDENTIAL AFFAIRS DR. BAHA AL-DIN IDRIS RETURNED JAN 17 KHARTOUM AFTER TWO WEEKS ABSENCE DURING WHICH HE SHUTTLED BETWEEN ROME, JIDDA AND PARIS. IDRIS TOLD ME PRIVATELY JAN 18 GOS HAS REACHED AGREEMENT IN PRINCIPLE WITH SAG RE PROVISION SAUDI OIL BOTH (A) TO MEET SUDANESE DOMESTIC REQUIREMENTS (WHICH WE ESTIMATE AT SOME 1.1 MILLION TONS); AND (B) TO FURNISH ADDITIONAL 10 MILLION CRUDE ANNUALLY TO NEW REFINERY TO BE BUILT AT PORT SUDAN BY COMPAGNIE FRANCAIS DES PETROLES
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(CFP) FOR EXPORT ONLY. ACCORDING IDRIS, PRESENT PETROLEUM SUPPLY ARRANGEMENTS, UNDER WHICH SUDANESE REQUIREMENTS MET BY SHELL IMPORTS IRANIAN CRUDE, NOT SATISFACTORY. (FYI: NOR HAVE THEY BEEN SATISFACTORY TO SHELL WHICH HAS IN

EFFECT BEEN FINANCING RECENT IMPORTS DUE GOS NON-PAYMENT INVOICES. END FYI). SAG HAS NOW AGREED PROVIDE BOTH CRUDE AND FINANCING IN FORM REVOLVING FUND WHICH WILL PERMIT CONSTRUCTION NEW REFINERY. OIL FURNISHED WILL BE AT WORLD PRICE. IDRIS ADMITTED GOS HAD SOUGHT SPECIAL DISCOUNT BUT SAUDIS HAD NOTED THEIR INABILITY GIVE SPECIAL TREATMENT ANY ONE COUNTRY ON PRICING. INITIAL CFP TEAM EXPECTED SUDAN SHORTLY AND FEASIBILITY STUDY EXPECTED BE COMPLETED BY END MARCH.

3. IDRIS SAID HE HAD SEEN KING FAISAL JAN 16. LATTER HAD BEEN AWARE IMMINENT CONCLUSION EGYPTIAN/ISRAELI DISENGAGEMENT AGREEMENT BUT STILL WANTED "NAIL DOWN CERTAIN THINGS" BEFORE RESUMING NORMANL OIL PRODUCTION. I COMMENTED THAT EGYPTIAN/ISRAELI ACCORD SHOULD CERTAINLY PROVIDE WHATEVER EXCUSE SAUDIS MIGHT FEEL THEY STILL NEEDED TO REVOKE THEIR RESTRICTIVE MEASURES. IDRIS AGREED BUT INDICATED FAISAL NOT YET READY TAKE THIS STEP. IN THIS CONNECTION, IDRIS SAID PRESIDENT NIMEIRI WISHED SEE ME AT EARLY DATE AND HE WOULD NOT WISH ANTICIPATE PRESIDENT'S PRESENTATION ON THIS SUBJECT.

4. COMMENT: IDRIS CLAIMED NEW PETROLEUM SUPPLY ARRANGEMENTS WILL MEAN SUDAN WILL RECEIVE BETTER TREATMENT RE OIL SUPPLIES THAN ANY OTHER AFRICAN COUNTRY, BUT, AS KEY NEGOTIATOR, HE MAY HAVE PUT OPTIMISTIC GLOW, ON WHAT HAS BEEN ACCOMPLISHED. IN RETURN FOR SUCH SPECIAL HELP, PRESIDENT NIMEIRI CLEARLY WILL REMAIN INTERESTED DOING WHATEVER HE CAN AT INTERNATIONAL LEVEL ASSIST KING FAISAL IN ATTAINMENT LATTER'S OBJECTIVES.
BREWER

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: Z
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, FOREIGN RELATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JAN 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KHARTO00111
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: P750001-1716
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740174/abbrzavm.tel
Line Count: 86
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2002 by boyleja>; APPROVED <30-Sep-2002 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: SAUDI/SKAFSE OIL ACCORD REPORTEDLY REACHED
TAGS: ENRG, PFOR, SA, SU
To: STATE INFO CAIRO
JIDDA
PARIS
AMMAN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005